
OLR BILL ANALYSIS

sHB 5108

AN ACT CONCERNING MODIFICATIONS TO THE COMMUNITY ECONOMIC DEVELOPMENT FUND SERVICE AREA.

SUMMARY:

This bill expands the scope of the Community Economic Development Fund (CEDF), a nonprofit organization capitalized by state and private dollars to provide small business financing generally to people and organizations that cannot access or afford conventional loans. Under current law, CEDF must provide at least 70% of its financial assistance in the state's targeted investment communities (TICs), the 17 municipalities with enterprise zones. The bill allows CEDF to provide this assistance throughout the state without limitation.

It also changes the criterion for providing business financing to individuals outside the TICs and public investment communities, which are the 42 municipalities that scored the highest based on economic distress criteria. Under current law, CEDF may provide financial assistance outside these areas to only low- and moderate-income people. Under the bill, it can provide assistance to anyone, regardless of income, who does not qualify for traditional financing.

The bill expands how CEDF can use its funds. It allows CEDF to finance mixed-use real estate projects as well as purely commercial projects as current law allows. It also allows CEDF to use up to 10% of the assistance it provides to cover its administrative expenses.

EFFECTIVE DATE: July 1, 2012

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/15/2012)